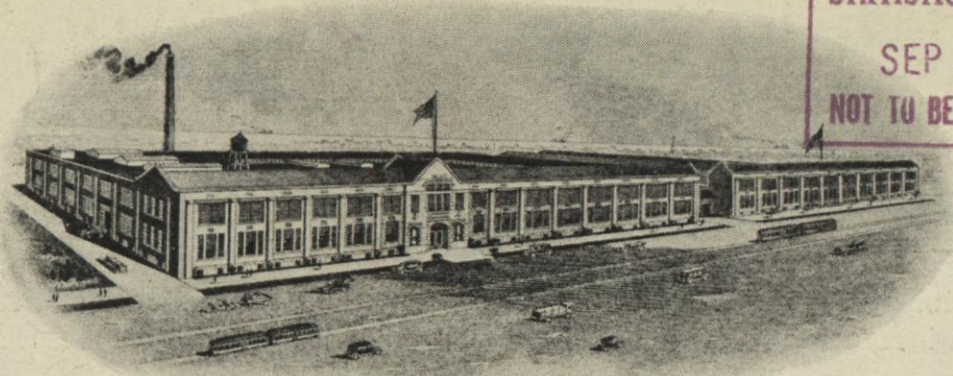


CLEVELAND PUBLIC LIBRARY  
BUSINESS INF. SUB.  
CORPORATION FILE

OTIS & CO.  
STATISTICAL LIBRARY

SEP 27 1928

NOT TO BE TAKEN AWAY

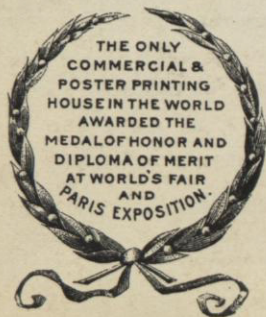


# *The Morgan Lithograph Co*

CLEVELAND, O.

## Annual Report to Stockholders

1928



### *Subsidiaries:*

Otis Lithograph Co.  
Ritchey Lithographing Corp.  
Butts Litho Co., Inc.  
J. H. Tooker Printing Co., Inc.  
Morgan Properties Co.

## OFFICERS

|                     |                |                       |                  |
|---------------------|----------------|-----------------------|------------------|
| P. J. Morgan.....   | President      | E. S. Gaylor, Jr..... | Vice-President   |
| Geo. W. Morgan..... | Vice-President | Vernon Charnley.....  | Sec'y and Treas. |

## DIRECTORS

|                       |               |                       |           |
|-----------------------|---------------|-----------------------|-----------|
| P. J. Morgan.....     | Cleveland     | Vernon Charnley.....  | Cleveland |
| Geo. W. Morgan.....   | Cleveland     | John Sherwin, Jr..... | Cleveland |
| John Sherwin.....     | Cleveland     | Ralph Hubbard.....    | Chicago   |
| E. S. Gaylor, Jr..... | New York City |                       |           |

## STOCK TRANSFER AGENTS

The Union Trust Co.  
Cleveland, Ohio

The Continental National Bank  
and Trust Company,  
Chicago, Ill.

## REGISTRARS

Central National Bank of  
Cleveland, Ohio

The National Bank of the Republic,  
Chicago, Ill.

GENERAL OFFICES: Payne Avenue, Cleveland, Ohio

## BRANCH OFFICES

New York City.....24 West 40th St.  
Boston, Mass.....840 Park Square Bldg.  
Philadelphia, Pa.....1421 Chestnut St.  
Toledo, Ohio.....Smith-Baker Bldg.  
Pittsburgh, Pa.....407 Bessemer Bldg.  
Cincinnati, Ohio.....937 Enquirer Bldg.

Detroit, Mich....General Motors Bldg.  
Chicago, Ill.....Tower Bldg.  
Kansas City, Mo.....Mutual Bldg.  
Atlanta, Ga.....Thrower Bldg.  
Los Angeles, Calif., 257 South Spring St.  
St. Louis, Mo....4527 Forest Park Blvd.

## PLANTS

Payne Avenue, Cleveland, Ohio

Elmhurst, Long Island  
W. 31st Street, New York City

## WAREHOUSES

East 30th Street,  
Cleveland, Ohio

South Jane and William Sts.,  
New York City

OH 2116 03-18 VAM

September 27, 1928.

To the Shareholders of The Morgan Lithograph Company:

We are presenting herewith audited balance sheet of your Company as of June 30th, 1928, together with Income and Expense statement for the year ended on that date.

Sales for the year decreased approximately ten per cent, which was due in a large part to the conditions obtaining in the motion picture industry. This important part of our business, is carried on under contracts with the various producers for their entire requirements. During the last six months of the fiscal year the advent of the "talking movies" has created a very serious problem for the producers and has led them to curtail releases until a definite policy could be established. The curtailment of releases, coupled with the fact that such releases as have been completed have run only in comparatively few theatres has resulted in delaying the poster sales.

Considerable attention was given during the past year to the development of the commercial field, that is the manufacture of posters for the national billboard advertisers. Although the sales in this line decreased somewhat under the previous year due to the withdrawal of two or three large customers from the boards, considerable progress was made in the reorganization of the sales department, with the result that henceforth your Company should receive an increasing share of this business.

The results of the reorganization of the manufacturing facilities a year ago have proven very gratifying. In spite of the decrease in volume of sales and the somewhat lower prices which prevailed during the year, net profits before taxes increased nearly twenty per cent. The plants are now in excellent condition, economically and efficiently operated, and of sufficient capacity to take care of considerable growth in sales. This increased capacity has come as a result of more economical and efficient arrangement, rather than through the purchasing of additional machinery and facilities.

The balance sheet of the Company presented herewith shows the Company to be in a strong and sound financial position. Substantial reserves have been set up during the year out of earnings, and inventory has been written down to the minimum, providing amply against any contingencies which might arise. Current ratio is four for one and cash is more than ample for the business.

Present indications are that your Company should enjoy a good Fall business. The motion picture companies are commencing to release their new productions which will stimulate the sales of this line of posters. Although there has been some hesitancy on the part of national advertisers to order posters during the Summer, it now appears that this hesitancy is disappearing and several large contracts are now in the process of negotiation, which if awarded to this Company will insure a much larger volume than last year.

Dividend of \$1.25 per share has been declared on the Common Stock of the Company, payable October 1st, 1928, to stockholders of record September 20th, 1928. Formal notice of the annual meeting of stockholders called for October 8th, 1928 and proxy for same, are enclosed herewith. Kindly sign and return the proxy which will not be used in the event of your attending the meeting in person.

Very truly yours,

P. J. MORGAN,  
President.

MAY 24-32 OTIS HG

# BALANCE THE MORGAN LITHOGRAPH

As of the close of business

## ASSETS

### Current

|                                                                                          |                     |                |
|------------------------------------------------------------------------------------------|---------------------|----------------|
| Cash                                                                                     | \$ 20,529.64        |                |
| U. S. Government Securities (Par Value \$166,700.00)                                     | 170,000.00          |                |
| Customers' Notes, Acceptances and Accounts Receivable, less Allowance for Doubtful, etc. | 495,277.67          |                |
| Inventory                                                                                | <u>1,231,616.60</u> | \$1,917,423.91 |

### Investment in Morgan Properties Company

|                                                                                               |                     |              |
|-----------------------------------------------------------------------------------------------|---------------------|--------------|
| Land, Buildings, Machinery, Equipment, etc., less Allowance for Depreciation                  | \$1,974,154.86      |              |
| Account Receivable of Parent Company and Investment in Residence Property                     | <u>30,425.41</u>    | 2,004,580.27 |
| Less: First Mortgage 6% Serial Gold Bonds Outstanding and Accrued Interest                    | <u>1,492,850.00</u> |              |
| Equity represented by entire outstanding Capital Stock owned by The Morgan Lithograph Company |                     | 511,730.27   |

### Other Assets

|                                                                                                                                       |            |
|---------------------------------------------------------------------------------------------------------------------------------------|------------|
| Cash Surrender Value of Life Insurance, Personal and Miscellaneous Notes and Accounts Receivable, Agents' Advances, Investments, etc. | 296,016.12 |
|---------------------------------------------------------------------------------------------------------------------------------------|------------|

|           |      |
|-----------|------|
| Good Will | 1.00 |
|-----------|------|

### Deferred

|                                                               |                  |            |
|---------------------------------------------------------------|------------------|------------|
| Cost of Art Work on Lithograph Plates held for reprint orders | 171,002.82       |            |
| Prepaid Expenses, Supplies, etc.                              | <u>66,794.62</u> | 237,797.44 |

(Note A) The Company was reported as being contingently liable at June 30, 1928 as endorser on customers' discounted notes and acceptances aggregating \$28,401.45.

\$2,962,968.74

WE HEREBY CERTIFY, that we have examined the books of account for the year ended June 30, 1928, and that, in our opinion, based upon the record adjustment upon determination of the final liability for Taxes, the foregoing Balance Sheet as of the date named and the relative Operating Statement is correct in accordance with the books of account.

August 25, 1928

# BALANCE SHEET

## THE MORGAN LITHOGRAPH COMPANY—CLEVELAND

Business June 30, 1928.

### LIABILITIES

#### Current

##### Accounts Payable

|                                           |              |              |
|-------------------------------------------|--------------|--------------|
| For Purchases, Expenses, etc.....         | \$156,715.72 |              |
| Personal and Miscellaneous Accounts ..... | 24,662.43    |              |
| Unpaid Pay Rolls .....                    | 11,846.35    |              |
| Customers' Credit Balances.....           | 8,199.51     | \$201,424.01 |

##### Contract Payable

|                                                                                             |          |
|---------------------------------------------------------------------------------------------|----------|
| Net amount due for the purchase of<br>the net assets of The Otis Lithograph<br>Company..... | 4,814.55 |
|---------------------------------------------------------------------------------------------|----------|

##### Dividend Payable

|                                                  |            |
|--------------------------------------------------|------------|
| Payable July 1, 1928 to Common Stockholders..... | 125,000.00 |
|--------------------------------------------------|------------|

##### Accrued

|                                                                        |             |            |
|------------------------------------------------------------------------|-------------|------------|
| Real, Personal and Corporate Taxes .....                               | \$45,878.75 |            |
| Estimated Federal Income Tax for the<br>year ended June 30, 1928 ..... | 70,000.00   |            |
| Water Rent, Insurance, etc. ....                                       | 1,470.63    | 117,349.38 |

##### Due Subsidiary Company

|                                                 |           |               |
|-------------------------------------------------|-----------|---------------|
| Morgan Properties Company—Open<br>Account ..... | 20,125.41 | \$ 468,713.35 |
|-------------------------------------------------|-----------|---------------|

##### Reserve for Contingencies.....

10,000.00

#### Nominal

##### Capital Stock

|                                                                                                                |               |
|----------------------------------------------------------------------------------------------------------------|---------------|
| 100,000 shares Common Stock of No<br>Par Value issued and outstanding<br>Declared Value \$5.00 per share ..... | \$ 500,000.00 |
|----------------------------------------------------------------------------------------------------------------|---------------|

##### Surplus

|                |                |                |
|----------------|----------------|----------------|
| Capital .....  | \$1,402,696.25 |                |
| Unearned ..... | 414,500.46     |                |
| Earned .....   | 167,058.68     | 1,984,255.39   |
|                |                | 2,484,255.39   |
|                |                | \$2,962,968.74 |

and record of THE MORGAN LITHOGRAPH COMPANY—CLEVELAND,  
ords examined and information obtained by us and subject to any necessary  
alance Sheet correctly sets forth the financial position of the Company as of  
with the books.

Ernst & Ernst  
Certified Public Accountants

# **OPERATING STATEMENT** **THE MORGAN LITHOGRAPH COMPANY—CLEVELAND**

For the year ended June 30, 1928

|                                                                                                                             |              |                   |              |
|-----------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|--------------|
| <b>Profit from Operations</b> (Exclusive of Rental of Plant)                                                                |              |                   | \$676,013.03 |
| <b>Other Additions:</b>                                                                                                     |              |                   |              |
| Credit resulting from capitalization of art work on Lithograph Plates, held for reprint orders                              | \$171,002.82 |                   |              |
| Interest Earned                                                                                                             | 2,437.53     |                   |              |
| Miscellaneous                                                                                                               | 6,600.95     | \$180,041.30      |              |
| <b>Less: Other Deductions:</b>                                                                                              |              |                   |              |
| Provision for Customers' and Agents' Doubtful Accounts                                                                      | 49,623.25    |                   |              |
| Donations                                                                                                                   | 8,929.11     |                   |              |
| Life Insurance Expense                                                                                                      | 8,910.34     |                   |              |
| Interest Expense                                                                                                            | 796.39       |                   |              |
| Miscellaneous                                                                                                               | 13,469.34    | 81,728.43         | 98,312.87    |
| <b>Profit Exclusive of Plant Rental and Federal Taxes</b>                                                                   |              |                   | \$774,325.90 |
| <b>Rental of Plant</b> , under lease, including provision for expenses of Morgan Properties Company in excess of its income |              |                   | 203,896.97   |
| <b>Profit Exclusive of Federal Taxes</b>                                                                                    |              |                   | 570,428.93   |
| <b>Provision for Estimated Federal Taxes</b>                                                                                |              |                   | 70,000.00    |
|                                                                                                                             |              | <b>Net Profit</b> | \$500,428.93 |

(Note) The credit of \$171,002.82 above shown, represents a portion of art work costs for the year ended June 30, 1928, determined by the management as applicable to future operations. This credit results from a change of policy adopted as of the beginning of the current fiscal year and does not give effect to whatever charge there would have been to current operations if the same policy had heretofore been in effect.

## **COMBINED CAPITAL, UNEARNED AND EARNED SURPLUS**

June 30, 1928

|                                                                                                                                              |              |                |                |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|----------------|
| <b>Balance June 30, 1927</b> —As shown by Audit Report                                                                                       |              |                | \$2,048,087.86 |
| <b>Deductions</b>                                                                                                                            |              |                |                |
| Dividends paid and provided for:                                                                                                             |              |                |                |
| Cash \$5.00 per share                                                                                                                        |              | \$500,000.00   |                |
| Shrinkage in book value of Inventory of First National Pictures applicable to prior periods                                                  |              | 38,187.15      |                |
| Sales Rebates applicable to prior periods                                                                                                    |              | 19,967.50      |                |
| Provision for Contingencies                                                                                                                  |              | 10,000.00      |                |
| Federal Income Tax paid for the year ended June 30, 1927 in excess of the provision therefor                                                 |              | 1,543.87       |                |
| Amortized portion of Leaseholds                                                                                                              |              | 2,571.36       |                |
|                                                                                                                                              |              | \$572,269.88   |                |
| <b>Additions</b>                                                                                                                             |              |                |                |
| Net Profit for the year ended June 30, 1928—as shown by Income and Expense Statement                                                         | \$500,428.93 |                |                |
| Credit resulting from adjustment of permanent assets and depreciation reserves on basis of Federal Tax Examiner's report as of June 30, 1924 | 8,008.48     | 508,437.41     | 63,832.47      |
| <b>Balance June 30, 1928, as shown by this report</b>                                                                                        |              |                | \$1,984,255.39 |
| <b>Classification</b>                                                                                                                        |              |                |                |
| Capital Surplus                                                                                                                              |              | \$1,402,696.25 |                |
| Unearned Surplus                                                                                                                             |              | 414,500.46     |                |
| Earned Surplus                                                                                                                               |              | 167,058.68     |                |
|                                                                                                                                              | <b>Total</b> |                | \$1,984,255.39 |

A few of the larger national advertisers for whom  
The Morgan Lithograph Company made posters  
and display material during the past year:

Anchor Film Distributors, Inc.  
Bischoff Productions, Inc.  
Columbia Pictures Corp.  
Excellent Pictures Corp.  
F. B. O. Pictures Corp.  
First National Pictures, Inc.  
Lumas Film Corp.  
Metro-Goldwyn-Mayer Dist. Corp.  
Paramount Famous Lasky Corp.  
Pathe Exchange, Inc.  
Rayart Pictures Corp.  
Sterling Pictures Distributing Corp.  
Ufa Films, Inc.  
Universal Pictures Corp.  
David Belasco  
Behemians, Inc.  
William A. Brady  
Charles Frohman  
Morris Gest  
Arthur Hammerstein  
Loew's, Inc.  
Shubert Theatre Corp.  
Howard Thurston  
Billy Watson  
L. L. Weber  
Alabama-Georgia Syrup Co.  
American Gypsum Company  
American Linseed Company  
B. T. Babbit Co.  
Bassick Manufacturing Company  
Blodgett-Beckley Company  
The Borden Company  
Brunswick Balke Collender Co.  
California Fruit Growers Assn.  
Capital City Products Co.  
Central Shoe Company  
Conde-Nast Publications  
Conklin Pen Mfg. Company  
C. G. Conn, Ltd.  
Dayton Rubber Mfg. Co.  
DeSoto Motor Corporation  
Diamond Electric Company

Electric Vacuum Cleaner Co.  
Gabriel Snubbers Mfg. Co.  
General Tire & Rubber Co.  
Glidden Company  
Gold Dust Corporation  
Goodyear Tire & Rubber Co.  
Hamilton, Brown Shoe Co.  
Hood Rubber Products Co., Inc.  
The Hoover Company  
India Tire & Rubber Co.  
Johnson & Johnson  
Karavan Coffee Company  
Kelvinator Corporation  
Loose-Wiles Biscuit Co.  
Lucky Tiger Remedy Co.  
Mansfield Tire & Rubber Co.  
Mavis Corporation  
Mohawk Rubber Company  
Packard Motor Car Co.  
Peerless Motor Car Corp.  
Pepsodent Company  
Peters Branch, Int'l. Shoe Co.  
Pinkerton Tobacco Co.  
Purity Bakeries, Inc.  
Remington Typewriter Co.  
Reymer & Bros., Inc.  
Richman Brothers Company  
Rit Products Company  
Roxana Petroleum Co.  
Sealy Mattress Company  
Sherwin Williams Company  
Sinclair Refining Company  
Smith Brothers, Inc.  
Sparks-Withington Company  
Standard Oil Company  
Sterling Products Company  
United States Rubber Co.  
Van Camp Packing Company  
Webster Cigar Company  
Western Electric Company  
Westinghouse Elec. & Mfg. Co.  
Willys-Overland, Inc.

